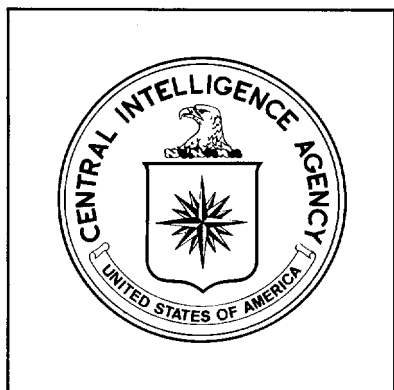


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## STAFF NOTES:

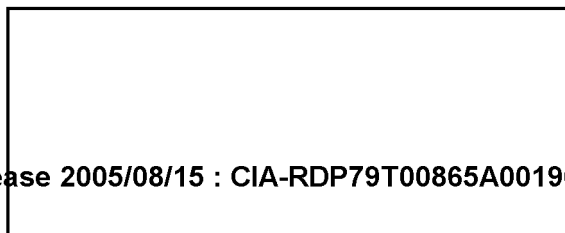
# Latin American Trends

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## LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Cuba: The Road to Institutionalization

Thanks largely to an interview that Division Commander Raul Castro granted in Mexico in September, a chronology of events finalizing the six-year process of institutionalization can be drawn up for the period from December 1975 to December 1976. The most outstanding events to come are:

- mid and late December 1975: the first Party Congress;
- late December 1975 or early January 1976: a popular referendum to approve the new constitution;
- February 24, 1976: portions of the new constitution will be put into effect by means of the Constitutional Transition Law;
- March 1976: Cuba's 6 provincial, 59 regional, and 416 municipal political-administrative subdivisions will be reorganized into 14 provinces and between 170 and 180 municipalities;
- late summer, 1976: provincial and municipal elections will be held in 13 provinces (elections in the 14th, Matanzas, were held in mid-1974);
- October 1976: provincial and municipal assemblies will be convened by the newly elected people's delegates;
- December 2, 1976: the new constitution will come into full force; the first National People's Assembly will be convened.

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Castro remarked that the holding of the National People's Assembly would mark the end of the program of institutionalization begun in 1970. By December 1976, therefore, all of Cuba's institutions--political, administrative, economic, and social--will have undergone extensive reorganization transforming them from temporary to permanent status.

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Argentina: Energy Situation

Argentina--one of the largest oil consumers in the Third World and potentially a major source of oil supply--will remain partially dependent on imported oil for the foreseeable future. Despite new oil discoveries this year, production is expected to increase by only 20,000 barrels per day for 1977, or 5 percent above the current level. Exploration in promising offshore areas will be inhibited by the limited financial and technological capabilities of the state oil company; private company efforts will continue to be deterred by an uncertain investment climate.

Current Supply Gap

Domestic oil production in first half 1975 continued the downward trend of the past two years, dropping by an additional 4 percent. The decline is due mainly to poor management by the state-owned oil company, Yacimientos Petroliferos Fiscales. Production in 1975 as a whole probably will not exceed 400,000 barrels per day, compared with 414,000 barrels per day in 1974.

Imports also have declined this year, primarily because the economic slump has reduced total energy demand by 3 percent. The drop in oil requirements also reflects a shift to greater use of natural gas and coal. Consumption of natural gas in January-May 1975 increased 7 percent over the same period in 1974; at the same time, coal consumption rose 40 percent, largely because of greater imports.

New Oil Reserves

A promising new oil field at Puesto Rojas--said to be the most important discovery in years--is expected to yield 25,000 barrels per day by 1977. YPF has now

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extended its exploration to nearby areas, where geological conditions are favorable. Offshore drilling is scheduled to start next year in the vicinity of the disputed Falkland Islands, now under British control, using a platform purchased from France. YPF also is building a prototype drilling platform of its own, probably for use in the same area. It plans on drilling 650-680 new wells each year through 1978. Although this offshore area is widely viewed by geologists as one of the most promising in the world, no private companies are currently exploring there.

#### Prospects for Oil Self-Sufficiency

As long as the economy stagnates, demand should remain low and imports are not likely to rise substantially. Because recovery is not expected before mid-1976, at the earliest, oil demand probably will not reach the prerecession estimate for 1975 (475,000 barrels per day) until 1977. At that time, oil imports would have to rise to 50,000 barrels per day, even if old fields continue to produce at the current level and the Puesto Rojas field achieves the hoped for output--both optimistic assumptions.

Long-run prospects for reducing or eliminating oil imports are not promising. They depend on discovering substantial new fields, expanding secondary recovery, increasing the use of natural gas and coal, and developing hydroelectric capacity. Nuclear power will contribute little to energy supply before the 1980s, if then.

Even if sizable discoveries are made, new fields would take several years to bring in. Improved secondary recovery, while feasible, is unlikely. Amoco, the only private oil company now operating in Argentina, is reportedly prepared to invest \$50 million in secondary recovery operations only in the unlikely event that YPF raises prices paid to the company.

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Increased production and new pipeline construction may permit natural gas to replace an additional 20,000-25,000 barrels per day of oil demand in the late 1970s. Coal will remain unimportant in the total energy balance; prospects for raising domestic output are poor, and rising prices are cutting into the competitive advantage of imported coal. Argentina's hydroelectric potential is large, particularly along the Uruguay and Parana rivers. Development of this potential, however, will require massive capital investments and long lead times.



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Argentina: Fossil Energy Sources

	1974 Jan-May Thousand b/d of oil equiv- lents	1975	Percentage change 1975 over 1974
Total fossil energy consumption <u>1/2/</u>	642	623	-3
Crude oil	491	445	-9
Production	418	403	-4
Imports	73	42	-42
Refinery throughput	475	437	-8
Natural gas	147	158	7
Production	122	133	9
Imports	25	25	...
Coal	20	28	40
Production <u>1/</u>	8	10	25
Imports	12	18	50

## Millions US dollars

Import values	270.4	188.4	-30
Crude oil	185.9	88.4	-52
Natural gas	9.1	16.4	80
Petroleum products	59.5	34.2	-43
Coal	15.9	49.4	211

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1. Estimated.
  2. Excluding hydroelectric and nuclear energy.

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